

## Wheat Market Outlook and Price Report: Feb. 5, 2024

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### i) Background and Rationale for the Report

The following wheat market outlook and price report will be published on a weekly basis on the Sask Wheat Website. The report provides producers with an overview of world wheat markets, a market forecast, and benchmark prices at both the primary elevator and export positions (FOB Vancouver or elsewhere).

The report is made up of several sections. Following this section, a World Wheat overview is provided, which includes a summary of wheat market fundamentals, world production and trade, and a wheat market outlook. This is followed by several price tables, which include primary elevator bids at various Saskatchewan locations (Table 1), grain spreads (Table 2), and FOB port prices and basis (as measured by subtracting the primary elevator price (Rosetown) from the relevant port location price for individual crops) (Table 3). Table 3 is preceded by a description of the various assumptions, definitions and methodology used in arriving at the FOB port prices and in the export basis calculation.

### ii) Wheat Market Outlook February 5, 2024

**AMIS<sup>1</sup> view of the 2022/23 Global Wheat Balance Sheet, February 2024:**

Wheat	FAO-AMIS			USDA		IGC		MILLION TONNES
	2022/23 est	2023/24 f'cast		2022/23 est	2023/24 f'cast	2022/23 est	2023/24 f'cast	
		7 Dec	1 Feb					
<b>Prod.</b>	<b>805.9</b>	<b>787.1</b>	<b>788.5</b>	<b>789.2</b>	<b>784.9</b>	<b>803.7</b>	<b>788.3</b>	
	668.2	650.5	651.9	651.4	648.3	666.0	651.7	
<b>Supply</b>	<b>1105.4</b>	<b>1105.4</b>	<b>1111.3</b>	<b>1062.5</b>	<b>1056.5</b>	<b>1076.7</b>	<b>1070.0</b>	
	833.7	827.3	833.2	788.0	781.1	807.2	794.2	
<b>Utiliz.</b>	<b>778.9</b>	<b>791.4</b>	<b>794.3</b>	<b>783.0</b>	<b>796.4</b>	<b>795.1</b>	<b>804.4</b>	
	636.2	643.4	646.3	635.0	642.9	652.3	655.0	
<b>Trade</b>	<b>200.0</b>	<b>194.1</b>	<b>197.4</b>	<b>216.1</b>	<b>213.3</b>	<b>207.6</b>	<b>197.9</b>	
	186.5	184.1	186.7	202.8	200.8	194.1	185.2	
<b>Stocks</b>	<b>323.1</b>	<b>319.3</b>	<b>319.7</b>	<b>271.6</b>	<b>260.0</b>	<b>281.6</b>	<b>265.6</b>	
	181.6	179.7	179.3	132.7	126.5	141.3	126.6	

Data shown in the second rows refer to world aggregates without China.

Source: AMIS

- **Wheat production in 2023** still is 2.2 percent below the level harvested in 2022, despite an upward revision this month largely from higher estimates for Canada.

<sup>1</sup> AMIS: Agricultural Market Information System. Input comes from the ten organizations that form the AMIS Secretariat: FAO, IFAD, IFPRI, IGC, OECD, UNCTAD, World Bank Group, WFP, WTO, GLAM.

- **Utilization in 2023/24** was increased since December, largely on another upward revision to feed use in the EU and is forecast to increase by two percent above the 2022/23 level.
- **Trade in 2023/24** (July/June) was raised this month on improved export prospects for Ukraine and import demand from Brazil, China and several countries in Asia; but still is falling below the 2022/23 level.
- **Stocks (ending in 2024)** are forecast to be nearly unchanged compared to December but pointing to a 1.1 percent contraction below opening levels following revisions of historical inventories.

**Current Global Wheat Condition Assessment (AMIS):**

In **Argentina**, harvesting is wrapping up under mixed conditions as the earlier severe drought affected much of the country.

In the **EU**, conditions are mixed due to a cold spell in the north, excessive rainfall in central parts, and dryness along the Mediterranean.

In the **UK**, conditions are mixed due to excessive rainfall.

In **Turkey**, conditions are favourable.

In **Ukraine**, conditions are favourable away from the warzone with adequate snow cover and an increase in soil moisture.

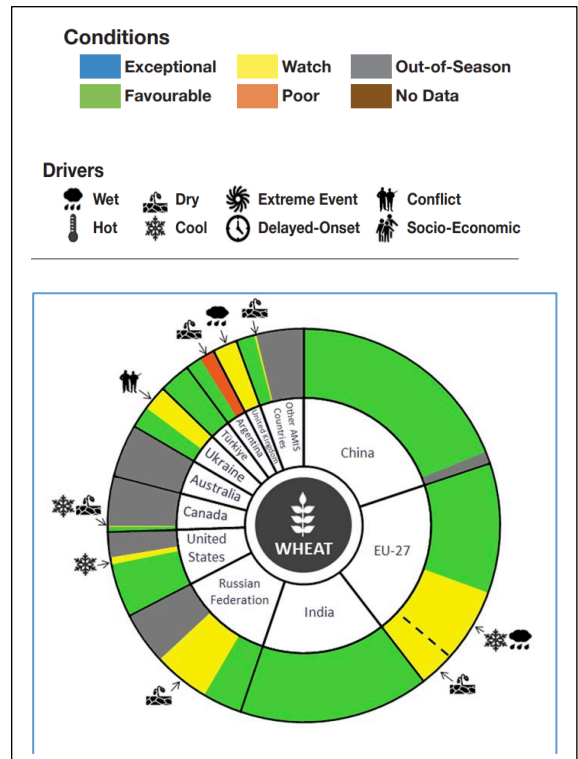
In the **Russian Federation**, conditions are favourable as soil moisture improved due to ample precipitation; however, dry conditions remain in part of the Caucasus.

In **China**, conditions are favourable with a boost to soil moisture reserves received in December.

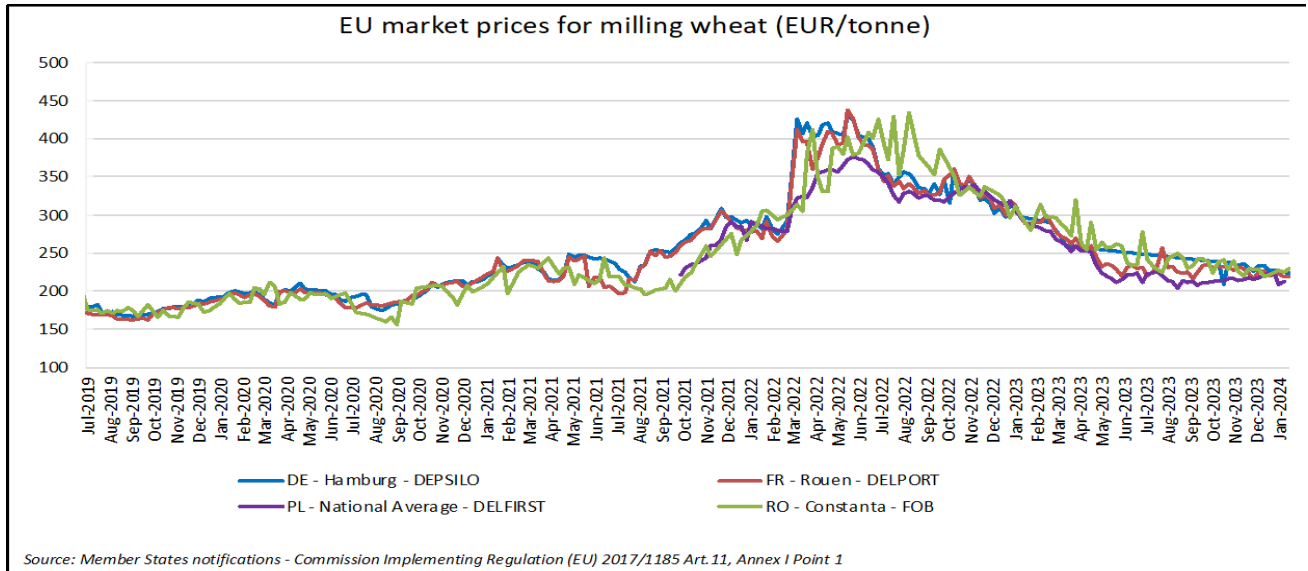
In **India**, sowing is wrapping up under favourable conditions with an increase in total sown area compared to 2023.

In the **U.S.**, conditions are generally favourable albeit with recent extreme cold temperatures combined with limited snow cover increasing the potential for winterkill in the Northern High Plains. There is a reduction in the total sown area compared to last year.

In **Canada**, winter wheat conditions are favourable in the main producing provinces of Ontario and Manitoba; however, a lack of adequate snow cover combined with extremely low temperatures is potentially impacting crops in the Prairies.

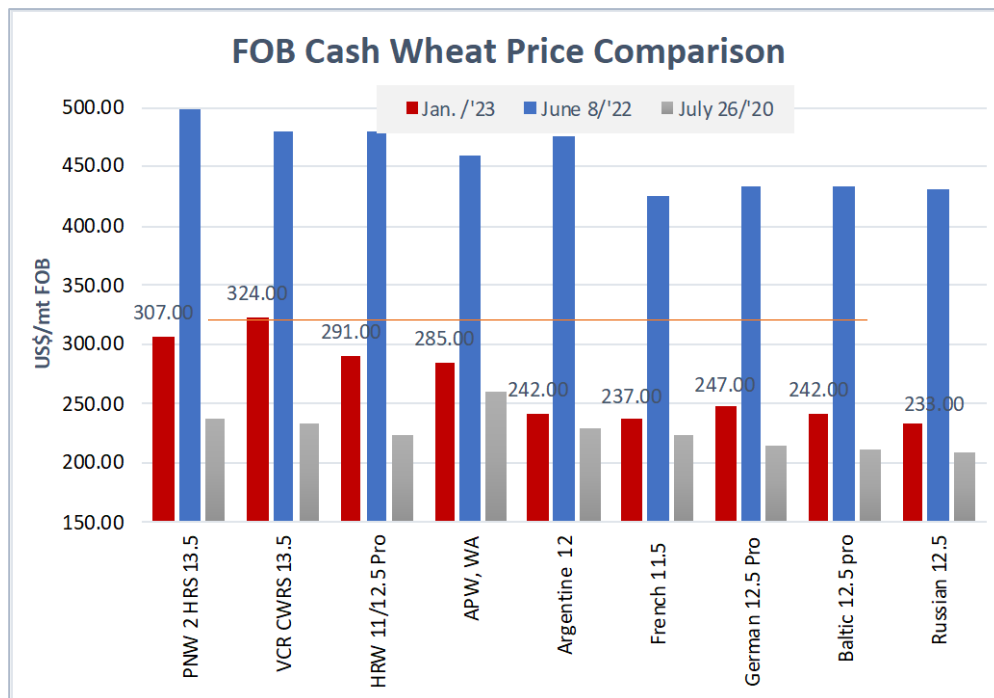


## European Commission: Milling Wheat Price Developments



- EU milling wheat prices have fallen steadily throughout the crop year. Prices in La Pallice, France, amounted to €231/mt in late June, and fell to €220.70 following harvest. Prices briefly rallied back to €254.40/mt in August, but then m/l steadily declined to ~€219.10/mt today.
- Durum wheat still has a sizeable premium over milling wheat at €357.60/mt in La Pallice, France.

### ➤ Global cash wheat prices:



Source: Mercantile

- Some of the global cash wheat prices are close to the levels seen in 2020.
- Russian wheat is still setting the tone (orange line), although French wheat now is competitive into some destinations.
- Russian contacts tell us they are happy with prices they have received and particularly happy with the volume sold.

➤ **Global wheat production and trade:**

There is a lot of competition in the wheat markets as wheat is produced around the world. Below is a brief synopsis on last week's market events in the major wheat origins.

**Futures:**

- Mar. 2024 contract Chicago winter wheat closed at \$599-6, down 1-6 cents on Friday, *down 0-6 cents on the week.*
- Mar. 2024 contract Kansas hard red winter wheat closed at \$625-0, up 4-2 cents on Friday, *up 0-4 cents on the week.*
- Mar. 2024 Minneapolis hard red spring wheat closed at \$699-6, up 3-6 cents on Friday, *down 3-8 cents on the week.*
- U.S. wheat futures are currently trading 8-12 cents/bu lower this Monday morning at the time of writing.



**Canadian Wheat**

- On Feb. 8, 2024, StatsCan will report on Grain Stocks for December. The average trade guess is to see 20.7 million tonnes of wheat versus 23 million tonnes last year. The full range of estimates is from 3.5 million tonnes tighter to 1.1 million tonnes tighter than December 2022.
- Early 2024 acreage estimates for the U.S. and Canada suggest little change to U.S. or Canadian spring wheat acres despite lower prices and narrow margins.
- **Canadian exports:** Producers delivered a big 663k mt of wheat into the handling system during week 26. However, Canadian exporters loaded a relatively modest 341k mt of wheat in week 26. YTD wheat exports reached 10.5 million mt, which is six per cent ahead of last year's exports. We hope the export pace stays up as this will also lower carry-in stocks next crop year.

(CCG) Grain Handling Summary Wheat				Week 26	(to Jan. 28/'24)
('000 mt)	Prod. Dlvsr.	Terminal Rcpts.	Bulk exports	Dom. Disappearance	
Week 26	662.9	301.6	340.8	46.6	
Week ago	333.2	181.5	383.3	57.6	
YTD	12,163.0	12,601.1	10,491.2	2,506.2	
Last YTD	12,337.3	12,140.2	9,923.9	2,269.4	
YTD less Last YTD	-174.3	460.9	567.3	236.8	
YTD over Last YTD	99%	104%	106%	110%	

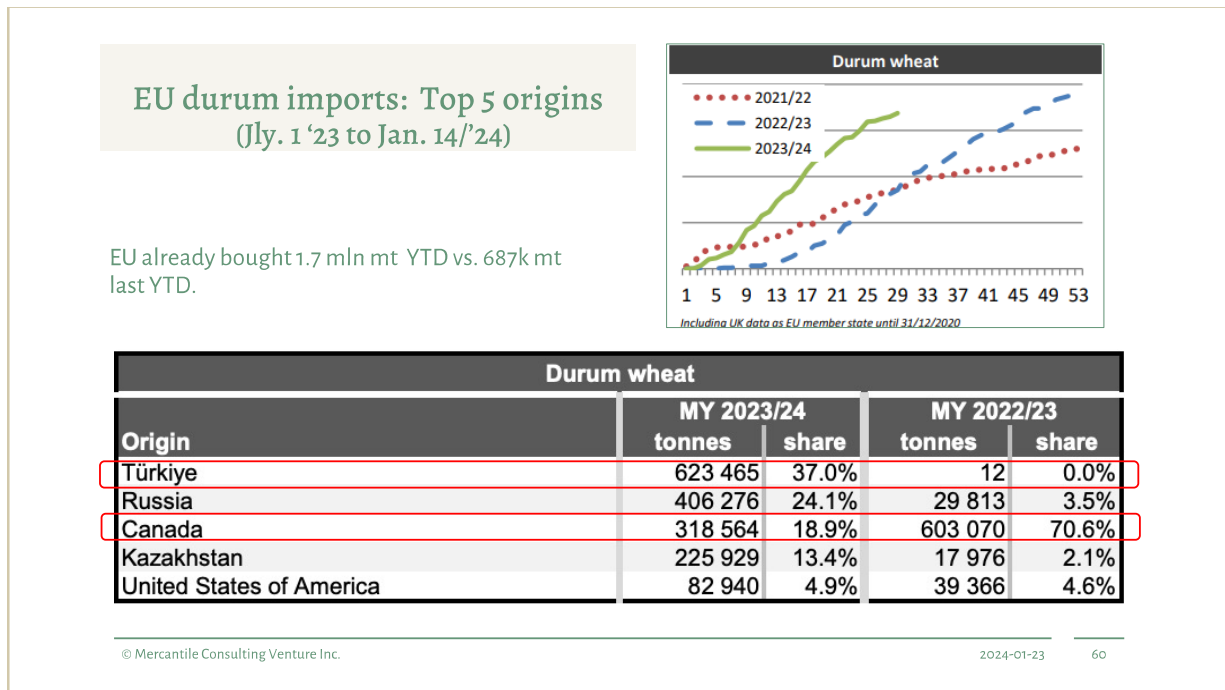
Source: Mercantile, based on CGC data

- As prices fall, there is a declining likelihood of further decreases, but at the same time, there are indications of more distressed sellers trying to generate cash to pay for spring inputs given expensive storage and finance costs. Heat and dryness are noted in India, but given last season's experience, the market will be reluctant to react too aggressively. Poor crop prospects in North Africa support notions on imports.
- Mercantile thinks the market will be mostly sideways, but if it does successfully break out, we could see it trade at higher levels. We are 60 per cent sold and if wheat manages to move up, would start looking for opportunities to sell another 20 per cent at~ \$9.25 depending on your location.
- Durum: 2023/24 crop year:** Importantly, Turkey tendered to sell another 150k mt of durum last Friday. This means that the TMO issued additional export licenses for durum accordingly. Turkey ended up selling the 150k mt at \$354-405.00/mt to Italy and to Tunisia. *This further lowers this winter's export potential of Canadian durum into Italy and Tunisia.*

		Monthly EU Durum Imports, YTD '23/24					
		Total 2023/2024	Jul	Aug	Sep	Oct	Nov
Total Product Groups		1 346 951	118 241	322 951	349 102	373 364	183 293
ms Durum Wheat	Total Partners	1 346 951	118 241	322 951	349 102	373 364	183 293
	pxs Türkiye	560 793	26	187 452	164 935	177 718	30 662
	pxs Russia	348 467	52 149	76 931	131 285	42 029	46 073
	pxs Canada	188 119	39 748	27 145	25 764	30 106	65 356
	pxs Kazakhstan	169 654	10 461	16 571	27 091	83 781	31 750
	pxs United States of America	79 910	15 857	14 853	17	39 731	9 452
	pxs Mexico	9	0	0	9	0	0

Source: EC data

- The following slide from the Think Wheat meeting shows the declining market share of Canadian durum to Italy, while Turkey has taken up almost a third of the Italian durum market.



- Durum exports** for week 26 at 40k mt, were relatively small for a YTD total of 1.6 million mt, compared to 2.7 million mt last YTD. Canadian durum exports lag last year's by 1.1 million mt.

(CGC) Grain Handling Summary Durum	Week 26		(to Jan. 28/'24)	
	Prod. Dlvs.	Terminal Rcpts.	Bulk exports	Dom. Disappearance
('000 mt)				
Week 26	<b>173.1</b>	38.5	<b>39.9</b>	6.9
Week ago	66.0	19.1	101.4	4.4
YTD	2,028.5	2,079.4	<b>1,559.1</b>	290.2
Last YTD	3,086.6	3,199.8	2,696.0	350.2
YTD less Last YTD	-1,058.1	-1,120.4	-1,136.9	-60.0
YTD over Last YTD	66%	65%	<b>58%</b>	83%

- To recap: About 1.5 million mt of the European and North African demand has been filled by Turkish exports or re-exports. This is demand that will not recover this year. The relatively small 2023 crop should keep Canadian ending stocks within about 650k mt this year, but this still is ~

200k mt higher than last year's. We are also worried whether the Turkish Marketing Organization (TMO) will again issue licenses for durum exports next year, and what this competition will do to next year's Canadian market share into the EU and North Africa. - *We would prefer to be 100 per cent sold old crop and watch for opportunities to sell the remaining crop.*

- **'24/25 crop year:** The IGC expects global durum production to surpass consumption for the first time in five years, led by a 600k mt European rebound year-over-year to 7.7 million mt. Beneficial winter rains in North Africa could also help durum yields return closer to their averages after a few consecutive years of drought.
- Some details on **Algeria:** Algeria is an important destination for Canadian durum wheat. However, Russian wheat has taken market share from other origins on the Algerian market, notably French, Canadian and Ukrainian wheat. (Russian tonnage not shown; said to be en route). *Turkey has also gained market share in Algeria with durum sales this past fall.* Meanwhile, French wheat has been in sharp decline in recent years in its traditional markets in North Africa. The USDA Attaché in Algeria maintains the marketing year 2024/25 wheat harvested area at just over two million ha, and estimates production at 2.7 million mt, the same as last year's wheat production. Consumption and imports for 2024/25 are estimated at 11.25 and 8.7 million mt, respectively (11.2 and 8.7 million mt last year). *If so, the main question next crop year will again be which export country wins the various OAIC (Algerian) tenders!*

**Table 1: Wheat Exports to Algeria in First Five Months (July-November) of the Marketing Year**

Reporter	July-Nov 2022	July-Nov 2023	%D
<b>EU 27 External Trade (Brexit)</b>	2,178,987	1,049,461	-51.84%
<b>Canada</b>	184,540	111,903	-93.55%
<b>Ukraine</b>	154,205	1,467	-99.55%
<b>Turkey</b>	7,257	162,832	2143.79%
<b>Russia</b>	-	-	-
<b>United States Consumption</b>	51,453	81,506	58.41%
<b>Australia</b>	-	51,737	100%
<b>United Kingdom HMRC</b>	31,500	-	-100%
<b>South Korea</b>	2	-	-100%
<b>Total</b>	2,607,944	1,458,906	-44.06%

*Source: Data from Trade Data Monitor, wheat volumes in WGE*

**U.S. Wheat:**

- CBOT wheat futures markets traded in a narrow range this week. There is a lack of fresh fundamental news, with technical trading and currency valuations driving current movements. We will have a new USDA-WASDE report next week, which may help provide new market direction.
- U.S. export sales of 323 k mt were within the trade estimate of 275 - 600k mt while the season total of 16.88 million mt (620 million bu) is up four per cent on last year against the USDA's 4.5 per cent decline.
- The FAO raised its 2023-24 production estimate for wheat by 1.4 million mt to 788.5 million mt, which is still 2.2 per cent lower than the 2022-23 total. The FAO Food Price Index, which tracks monthly changes in the international prices of a set of globally traded food commodities, averaged 118 points in January, down one per cent from December and 10.4 per cent from its corresponding value a year ago.

- Looking to 2024/25, the International Grains Council (IGC) is forecasting global 2024/25 wheat production to improve compared to this past harvest. Still, global stocks will decline to six-year lows as increased food consumption is expected to compensate for lower feed use.
- U.S. wheat exporters may be eyeing some unexpected demand by Brazil to help offset possible sales of Argentine wheat to China due to the Chinese approval of Argentine wheat.
- U.S. HRS for February 2024 was valued at \$307.00/mt FOB PNW (*down \$3.00/mt from last week*), FOB Gulf HRW 11/12.5 pro is valued at \$291.00/mt (*up \$4.00/mt from last week*).

#### **Australian Wheat:**

- Australian markets were little changed and remain in a well-defined range of A\$365-375/mt.
- FOB values in Australia: March 2024 APW, WA is valued at \$285.00/mt (*unchanged from last week*).

#### **Argentine Wheat:**

- Millers in Brazil are contemplating the consequences of China's approval of Argentine wheat for import. Additional flows of wheat from Argentina to China may force Brazil towards other origins. Brazilian January imports are estimated at 500k mt, up 18 per cent in January 2023.
- The final wheat report by BAGE on the Argentine crop reiterated the 15.1 million mt production estimate they have been using. The harvested wheat area of 5.9 million ha was the lowest in five seasons, and while seeding does not start until at least mid-April, soil moisture levels will be watched.
- FOB Argentine wheat (12 per cent pro) for February 2024 was quoted at \$242.00/mt (*up \$1.00/mt from last week*).

#### **EU Wheat:**

- The €5/mt recovery in MATIF wheat on Thursday likely simply mirrored the fall in the Euro rather than developments in the commodity.
- French and Belgian farmers angry about rising costs, EU environmental policies and cheap food imports blocked highways and access roads to a major container port on Tuesday as the protests spread across Europe.
- In France, farmers, who have been protesting for over two weeks, stepped up their pressure on the government by blocking highways with their tractors near Paris and setting bales of hay ablaze to partly block access to Toulouse airport.
- EU FOB prices: March 2024 French 11 pro wheat closed at \$237.00/mt (*down \$6.00/mt from last week*); March 2024 German 12.5 pro wheat closed at \$247.00 (*down \$5.00/mt from last week*); March 2024 Baltic 12.5 pro wheat closed at \$242.00/mt (*down \$7.00/mt from last week*).

#### **Turkish Wheat**

- The Turkish wheat production forecast for 2023/24 is at 19.5 million mt, which is tied for second biggest wheat crop. It is up year-over-year by more than two million mt because of favorable growing conditions. Turkey's durum wheat exports during the first half of the current marketing year (Jun-Nov) reached 1.35 million mt. Italy (650k mt), Canada (200k mt) and Algeria (154k mt) were the top destinations for Turkish durum wheat.

#### **Black Sea Wheat:**

- Black Sea prices remain ill-defined, but it appears the Black Sea was the origin for Thailand's feed wheat purchase.
- We have Russian FOB values for 12.5 per cent protein wheat for February 2024 at \$233.00/mt (*down \$6.00/mt from last week*).



➤ **Significant purchases/ trades:**

There was little volume business to speak of.

- **Turkey** sold an additional 150k mt durum wheat at \$354-405/mt to Italy & Tunisia.
- The **Philippines** bought up to 98k mt Australian feed wheat Apr.-May arrival in the high \$280's.
- **Korea** bought 12.2k mt of U.S. white wheat at \$244.03, 11.5k mt HRW wheat at \$273.45 and 12.5k mt HRS wheat at \$302.76 (all fob parity).
- **Thailand** bought a total of 120k mt Mar.-Apr. feed wheat at \$259 and \$262/mt, which was reportedly based on Black Sea execution. This is \$20 below what the Philippines paid for Australian feed wheat, but Thailand doesn't have a seven per cent import tariff.

➤ **Wheat Market Outlook:**

**Significant events over the past week:**

- The **FAO** raised its **2023-24 production estimate** for wheat by 1.4 million mt to 788.5 million mt, which is still 2.2 per cent lower than the 2022-23 total.
- Looking to **2024/25**, the **International Grains Council (IGC)** is forecasting global 2024/25 wheat production to improve compared to this past harvest.
- **Early 2024 acreage estimates for the U.S. and Canada** suggest little change to U.S. or Canadian spring wheat acres despite lower prices and narrow margins.
- **BAGE in Argentina** reiterated the 15.1 million mt production estimate they have been using (USDA 15 million mt).
- Additional flows of **wheat from Argentina to China** may force Brazil towards other origins.
- Turkish President Tayyip Erdogan will discuss a **new mechanism to allow Ukrainian grain exports through the Black Sea** with his Russian counterpart Vladimir Putin during his upcoming visit to Turkey, Foreign Minister Hakan Fidan said on Sunday.
- According to the **World Trade Organization (WTO)**, wheat shipments via the **Suez Canal** fell by almost 40 per cent in the first half of January. However, only 4.5 per cent of all global dry bulk trade are said to move through the Suez Canal, insinuating that the overall impact on global grain transportation may be muted.
- Re. **durum, Turkey** sold an additional 150k mt durum wheat at \$354-405/mt to Italy & Tunisia.

***Mercantile's Weekly Outlook:***

As prices fall, there is a declining likelihood of further decreases, but at the same time, there are indications of more distressed sellers trying to generate cash to pay for spring inputs given expensive storage and finance costs. Heat and dryness are noted in India, but given last season's experience, the market will be reluctant to react too aggressively. Poor crop prospects in N Africa support notions on imports.

Meanwhile, the EU and Black Sea countries need to find a record nine million mt per month of export demand to reach current export forecasts before new crop arrives. This somehow needs to be achieved with two conflicts being fought along the supply chains to the Middle East and Asian markets.

Traders are concerned about the developments in the Middle East and about geopolitical disputes in general. This kind of environment will keep markets steady to lower, but as cheapest food grain, we could see wheat firmer than corn.

We would be fully sold durum and wait a little to see if we get some spark in spring wheat.

iii) Primary Elevator Price Tables and Grade Spreads

Table 1: Canadian Primary Elevator Bids, in Canadian Dollars per Bu and per MILLION MT

Date: 05-02-2024					
NW Sask	Spot		NW Sask	Deferred	
	(bu.)	(mt)		May '24 (bu)	May '24 (mt)
<b>1 CWRS 13.5</b>	\$8.84	\$324.82	<b>1 CWRS 13.5</b>	\$8.78	\$322.61
<b>1 CWAD 13.0</b>	\$11.73	\$431.01	<b>1 CWAD 13.0</b>	\$11.57	\$425.13
<b>1 CPSR 11.5</b>	\$7.86	\$288.81	<b>1 CPSR 11.5</b>	\$7.86	\$288.81
<b>SW Sask</b>			<b>SW Sask</b>		
<b>1 CWRS 13.5</b>	\$8.77	\$322.24	<b>1 CWRS 13.5</b>	\$8.73	\$320.78
<b>1 CWAD 13.0</b>	\$11.64	\$427.70	<b>1 CWAD 13.0</b>	\$11.50	\$422.56
<b>1 CPSR 11.5</b>	\$7.58	\$278.52	<b>1 CPSR 11.5</b>	\$7.74	\$284.40
<b>NE Sask</b>			<b>NE Sask</b>		
<b>1 CWRS 13.5</b>	\$8.59	\$315.63	<b>1 CWRS 13.5</b>	\$8.52	\$313.06
<b>1 CWAD 13.0</b>	\$11.54	\$424.03	<b>1 CWAD 13.0</b>	n/a	
<b>1 CPSR 11.5</b>	n/a		<b>1 CPSR 11.5</b>	n/a	
<b>SE Sask</b>			<b>SE Sask</b>		
<b>1 CWRS 13.5</b>	\$8.49	\$311.96	<b>1 CWRS 13.5</b>	\$8.49	\$311.96
<b>1 CWAD 13.0</b>	\$11.59	\$425.86	<b>1 CWAD 13.0</b>	\$11.29	\$414.84
<b>1 CPSR 11.5</b>	\$7.37	\$270.80	<b>1 CPSR 11.5</b>	\$7.42	\$272.64

Data source: PDQ, Feb. 5, 2024

Table 2: Grade Spreads, in Canadian Dollars per Bu and per MILLION MT

Avg. Grade Spread/ Pro Discounts	Cdn\$/bu.	Cdn.\$/mt
<b>1 CWRS 14.0</b>	0.05	1.89
<b>1 CWRS 13.5</b>	Base Grade	Base Grade
<b>2 CWRS 13.5</b>	(0.08)	-2.94
<b>1 CWRS 12.5</b>	(0.13)	-4.78
<b>1 CWAD 13.0</b>	Base Grade	Base Grade
<b>1 CWAD 13.5</b>	0.01	0.37
<b>2 CWAD 13.0</b>	(0.13)	-4.78
<b>2 CWAD 12.5</b>	(0.16)	-5.88

Data source: PDQ, Feb. 5, 2024

#### **iv) FOB Wheat Prices and Export Basis Calculation**

##### **Background and Rationale:**

Reporting FOB prices at port position and primary elevator prices allows the reader to gain an understanding of both local and international wheat prices and to understand the relationship between the two, as measured by the export basis. Export basis can be defined as FOB port position prices minus the primary elevator prices at any given prairie delivery location and is therefore reflective of transportation costs plus any premiums being captured by terminal grain elevator companies or the railway companies, at any given time.

In general, a widening basis is indicative of decreasing system performance in terms of either reduced port capacity or rail service, or both. A narrowing basis is indicative of increased available port capacity and/or better ability of the railways to provide ample service to grain shippers. In this regard, tracking these prices over time has value both in terms of producers being able to time the selling of their grain but also in terms of evaluating and setting policy related to various transportation and capacity issues.

Gray (2015) has calculated a normal basis to be in the range of C\$72/million mt. During the 2013/14 crop year the export basis for wheat widened to approximately C\$250/million mt, which indicated an inability of the grain handling and transportation system to adequately handle the record crop produced that year. This occurrence has highlighted the need to improve the level of rail service and take measures to expand port capacity where possible. It has also underscored the need for better price transparency and market information within the grain sector.

##### **Assumptions, Definitions, and Methodology**

The following background information should assist in understanding and interpreting international market signals and to relate them to the 'local' Saskatchewan wheat market:

- The price information generated for the weekly report is designed to show farmers at what price levels several wheat classes are trading at local primary elevators (Table 1) and in nearby international markets (Table 3). To express the Export Basis<sup>2</sup> (see *Export Basis* in Table 3) defined as Canadian FOB Prices minus primary elevator bids, the FOB prices are translated into Canadian dollars from U.S. dollars and compared to current actual primary elevator Street prices at Rosetown, Saskatchewan (see *Street Prices* in Table 3). Rosetown is used as a proxy for all primary elevators in the basis calculation. The actual handling and transportation costs from the West Coast to delivered elevator (Rosetown area) range from ~C\$58.00-C\$74.72/million mt, depending on number of cars moved and elevator used.
  
- Approximate relationship between U.S. wheat classes and Canadian wheat classes:

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<sup>2</sup> Gray, R.S. (2015). The Economic Impacts of Elevated Export Basis Levels on Western Canadian Grain Producers 2012/13, 2013/14 and 2014/15.

“The difference between FOB Vancouver prices and the Saskatchewan elevator cash bids to producers is referred to as export basis: Basis can refer to the difference between any two prices. As the largest volume port, Vancouver FOB, minus the elevator bid prices representative measure of the “export” basis for grains in Western Canada.”

- DNS 14 per cent in the Pacific Northwest (PNW) ≈ 1 CWRS 13.5 per cent in Vancouver
  - HRS in the Pacific Northwest (PNW) ≈ 2 CWRS 13.0 per cent in Vancouver
  - HRW in the Pacific Northwest (PNW) ≈ 3 CWRS in Vancouver
  - SW (lowest price wheat) ≈ CPS red (mostly fed domestically)
  - HAD (Lakes) ≈ CWAD (Thunder Bay/ Lawrence)
    - Abbreviations: DNS (Dark Northern Spring Wheat); HRS (Hard Red Spring Wheat); HRW (Hard Red Winter Wheat); SW (Soft Wheat); HAD (Hard Amber Durum Wheat); CWRS (Canadian Western Red Spring Wheat); CPS (Canada Prairie Spring Wheat); CWAD (Canadian Western Amber Durum Wheat)
- Hard wheat price calculations:  
Exporters in Western Canada generally derive their primary elevator wheat prices from HRS values at the West Coast (Pacific Northwest - PNW). Similarly, HRW values are used for lower grade (3) CWRS.
- West Coast HRS and HRW values essentially dominate the international hard wheat trade and determine its basic value.
  - If premiums are paid for 1 CWRS 13.5, elevator companies are often able to retain the premium.
- Durum wheat price calculations:  
The primary export route for Canadian durum wheat is still through Thunder Bay, not the West Coast of Canada.
- Nevertheless, the Pacific Coast has increased in importance for durum over time with 38 per cent of total export volume crop year to date.
  - Italy is the single biggest buyer of Canadian durum wheat with 27 per cent of total Canadian durum exports YTD (East Coast shipments).
- Optional origin grain sales:  
Most major international grain companies sell 'optional origin' wheat to their customers and often cover their sales 'at best' closer to the shipment position. The Canadian grain system is not conducive to servicing optional origin sales because the volume of wheat kept in storage in port today is much smaller than prior to deregulation of the Canadian wheat market.

**Table 3: Relevant FOB Prices and calculated Basis, U.S. & Canadian Dollars per MT**

Relevant FOB Prices and Export Basis				05-02-2024
Type of Wheat	FOB Prices CDA <sup>1</sup> (calculated)		Street Prices	Export Basis <sup>2</sup>
	West Coast (Cdn./mt\$)	Great Lakes (Cdn.\$/mt)	Rosetown (Cdn.\$/mt)	Basis: West Coast-Centr. SK (Cdn\$/mt)
DNS 14.0	\$394.44	\$397.92		
HRS	\$386.99			
HRW 11.5	\$340.79			
SWW 12.0	\$324.89			
1 CWRS 13.5 <sup>3</sup>	\$394.44		\$314.90	\$79.54
2 CWRS 13.0 <sup>3</sup>	\$386.99		\$303.87	\$83.12
3 CWRS <sup>3</sup>	\$340.79		\$289.18	\$51.61
CPS <sup>3</sup>	\$317.94		\$278.52	\$39.42
1 CWAD <sup>4</sup>		\$534.03	\$432.84	\$101.19
Competing wheat:	US\$/mt			
Russia 12.5 (Black Sea, 25k mt)	\$233.00	March '24		
French 11.5 (Rouen)	\$237.00	March '24		
APW 10.5 (W Coast)	\$285.00	March '24		
Argentine 12.0	\$242.00	March '24		

<sup>1</sup> FOB Prices CDA = FOB US\$ converted into Canadian Currency

<sup>2</sup> Export Basis = FOB Prices CDA minus Cdn. Street Price

<sup>3</sup> DNS 14% ≈ 1 CRWS 13.5%; HRS ≈ 2 CWRS 13.0%; HRW ≈ 3CWRS; SWW ≈ CPS

<sup>4</sup> Values derived to Lakehead FOB